

**GOVERNMENT OF INDIA
HOUSING AND URBAN POVERTY ALLEVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1386

ANSWERED ON:06.03.2013

RAJIV RINN YOJANA NO

Sugumar Shri K. ;Thamaraiselvan Shri R.;Venugopal Shri P.

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

- (a) whether the Government is aware of lukewarm response to the Rajiv RinnYojana (RRY);
- (b) if so, the details thereof and the reasons therefor;
- (c) the steps taken/being taken by the Government to make RRY more attractive;
- (d) whether the Government proposes to target around a million households through the RRY and if so, the details thereof; and
- (e) whether the Government has revised the term of RRY and if so, the details thereof?

Answer

THE MINISTER OF HOUSING & URBAN POVERTY ALLEVIATION (SHRI AJAY MAKEN)

(a): Yes, Madam, the Government is aware of the lukewarm response to the pilot phase of the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) being implemented by this Ministry since 2008.

(b): Against a target of 3.10 lakh beneficiaries with an outlay of Rs. 1100 crores, as on 20th February, 2013, 13,485 beneficiaries have been benefitted with anet present value (NPV) of interest subsidy of Rs. 16 crore.

Reasons for slow off-take under the scheme include the following:

Loan size was itself a major limitation: Rs.1 lakh / 1.6 lakh ceiling on loan for Economically Weaker Section (EWS)/ Low Income Group (LIG) respectively was insufficient for construction/purchase of a dwelling unit in urban areas.

Limited bank response due to issues associated with lending to the informal sector employees viz. high risk perception of beneficiaries, requirement for mortgageable titles to land, approved plans, authenticated income certificates, stringent know your customer norms etc.

The scheme covered housing loans for new constructions or purchase of dwelling unit only. Expansion was not covered even though maximum housing shortage was on account of congestion factor.

High costs of loan processing fee charged by the Banks.

Other constraint was in the demand oriented nature of the scheme instead of being target oriented one.

In other words the scheme expected ill informed and poor beneficiaries to take all initiatives instead of the same coming from Banks and Government agencies.

(c), (d) & (e): Government of India has taken the following steps during the pilot phase to make the ISHUP more attractive :

Monthly household income which entitles a beneficiary to avail loans under the scheme was initially revised form Rs. 3,300/- to Rs.5000/- for EWS and from Rs. 3,301/- -Rs. 7,300/- to Rs.5001/- - Rs.10,000/- for LIG households during the financial year 2009-10. During November 2012, household income has been further revised upto Rs. 1,00,000/- per annum for EWS and Rs. 2,00,000/- per annum for LIG to realign the same with current income, expenditure and cost of housing parameters.

Regional Rural Banks (RRBs) & Private sector Banks were included for the implementation of the ISHUP Scheme.

The Public Sector Banks were authorized to undertake income certification of beneficiaries.

Facilitation fee of Rs. 250/- was approved for every sanctioned application under the Scheme.

States were allowed to dovetail their State Housing Schemes with ISHUP.

Some measures were also taken by the different States e.g. Andhra Pradesh, Chhattisgarh and Karnataka who have dovetailed their State Housing Schemes with ISHUP. Tamil Nadu and Madhya Pradesh - allowed the allotted Patta to be used as mortgagable security under ISHUP. Tamil Nadu - waived off charges such as stamp duty. Some of these states also provided assistance with respect to approved plans, income certification etc. and a few banks had also waived off the processing charges and legal fees.

In order to overcome the constraints faced during the pilot phase of implementation of ISHUP, the scheme is proposed for revamp and relaunch as Rajiv Rinn Yojana (RRY). The amount of loan is proposed to be increased up to Rs. 5.00 lakhs for EWS and Rs.8.0 lakhs for LIG beneficiaries with an interest subsidy up to a maximum Rs. 5.0 lakhs for both categories of beneficiaries and with suitable modifications to address other concerns.

However, no firm commitment with respect to final form in which the initiatives would be accepted can be committed at this juncture as necessary approvals have not been received.